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C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 000126

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STATE FOR NEA, NEA/ARPI, EB/ESC
NSC FOR DNSA HADLEY

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TAGS: [PREL](#) [EPET](#) [ETTC](#) [ETRD](#) [IR](#) [MU](#)

SUBJECT: OMAN FM IN IRAN: CARROTS, NOT STICKS

REF: A. 05 MUSCAT 02

[1](#)B. 05 MUSCAT 1876

[1](#)C. 05 MUSCAT 1304

Classified By: Ambassador Richard L. Baltimore III.
Reason: 1.4 (b, d).

Summary

[1](#)1. (C) On January 29, Omani FM Yusuf bin Alawi began an official visit to Iran, meeting with President Ahmadi-Nejad, FM Mottaki, and other officials. His active discussions on invigorating bilateral trade relations, particularly in the oil and gas sector, transport and industrial investment, raise the specter of ILSA concerns. Publicly, Bin Alawi endorsed Iran's right to peaceful nuclear energy while calling for a peaceful solution to the current stand-off. He also spoke of Iran and Iraq's shared common interests. Bin Alawi's visit comes in the wake of several months of active Omani-Iranian diplomacy. While we expect his private remarks to the Iranians conveyed stern messages on living up to IAEA obligations and cooperating in stabilizing Iraq, we will seek a complete readout from bin Alawi at the earliest opportunity. End summary.

Public Remarks

[1](#)2. (U) Omani Minister Responsible for Foreign Affairs Yusuf bin Alawi traveled to Iran January 29 for several days of talks with Iranian officials, including a call on President Ahmadi-Nejad and FM Mottaki. Omani and Iranian press reports have given considerable coverage of the official statements coming from the meetings, with bin Alawi largely confining his remarks to bilateral issues. On Iran's nuclear stand-off, however, he denied carrying any messages from Western countries, while being quoted as saying "Iran has the right to avail (itself) of peaceful nuclear energy and the Sultanate would be very happy if the issue is solved peacefully." Bin Alawi spoke positively of the potential for political stability in Iraq while acknowledging that Iraq and Iran share certain common interests.

Energy, Industry and Transportation Investments

[1](#)3. (U) Most of Bin Alawi's public statements centered on desires to spur broader Oman-Iran trade relations. Specifically, he and Iranian FM Mottaki spoke of joint development of gas fields in southwest Iran and in the Gulf waters, the supply of Iranian gas to Oman, and Iranian investment in industrial projects in the booming city of Sohar (site of several major U.S. investments). They further discussed improving cooperation in transport, particularly as Iran is a bridge to current Omani investments in Central Asia (notably Kazakhstan). FM Bin Alawi made similar comments on January 25 when he received an Iranian parliamentary delegation, during which press reports say he called for expanding mutual ties in the oil and gas sector.

Active Diplomacy

[1](#)4. (SBU) As reported ref A, bin Alawi has intended to pay a visit to Iran for more than a year, and his trip comes at a time of increased activity in their bilateral relations. In addition to the Iranian parliamentary delegation visit noted above, Oman also hosted the Oman-Iran Joint Political Committee meeting on December 26 headed on the Iranian side by their MFA Director General for Gulf Affairs; the visit included a call on the Sultan's special Iran envoy Abdulaziz al-Rowas. Iranian FM Mottaki paid a 2-day visit to Muscat on October 4, meeting senior Omani officials including bin Alawi and Deputy Prime Minister Sayyid Fahd al-Said. Assistant Chief of Staff of the Sultan's Armed Forces Brigadier Saud al-Habsi led the Omani delegation to Tehran on October 1 for

the Oman-Iran Joint Military Conference. Abdulaziz al-Rowas, formally the Sultan's Special Adviser for Cultural Affairs, paid a call on newly elected President Ahmadi-Nejad on August 20, marking Oman's first contact with the new Iranian government.

Mission Statement

15. (SBU) FM Bin Alawi effectively encapsulated the Sultanate's strategy toward Iran in a press conference he convened in Muscat on October 2. The Times of Oman reported, "Alawi confirmed the ancient relations based on good neighborliness between Iran and the states of the region, especially the Arab Gulf states. He expressed his belief that the future will witness the preservation of good relations between Iran and its neighbors because interaction, mutual interest, positive historical accumulation and keenness on preserving the mutual interest will prevent confrontation, which is not in the interest of any of the parties."

Seeking Clarification

16. (C) It is Sultan Qaboos' long-standing strategy to address tensions with carrots rather than sticks, as Oman's recent diplomacy with Iran clearly illustrates. As the Sultan's special envoy Rowas indicated to visiting NEA DAS Gray in December (ref B), however, Oman in private delivers a strong and consistent message to Iran on its need to accommodate the international community's concerns on the nuclear file, Iraq, terrorism and other points of contention. We will pursue the earliest readout directly from bin Alawi on the specifics of his dialogue with Iranian counterparts, including details on the trade and investment proposals that could have potential ILSA ramifications.
BALTIMORE